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ABSTRACT

This report provides information on the degree to which states in the area served by the Southern Region Education Board (SREB) support independent colleges and universities. Most SREB states support independent institutions through student grants that may or may not be based on the student's financial need. In the year of the report, 11 SREB states provided independent institutions with more than $350 million in tuition grants and unrestricted appropriations. In addition to these appropriations, contract programs in several states provide independent institutions with considerable funding for specific purposes or programs. In the 1980s, annual appropriations for tuition grants that did not consider students' financial need grew faster than appropriations for need-based tuition grants, but this trend began to reverse in the late 1980s. In 1999, almost half of all students receiving aid received it on a need basis, but in the five states that provide students with grants that do not take into account their financial need, almost 100,000 students benefited from the $163 million awarded in these states. Most states have increased funding for independent institutions since the last survey in 1993, and over the last 6 years, 4 states have more than doubled appropriations that benefit students at independent colleges. Three states allocated $53.2 million in 1999 in unrestricted appropriations to independent institutions. (SLD)

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Focus

on State Support for Independent Colleges and Their Students: Higher Education Tuition Grants and Contractual Appropriations

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Focus *on State Support for Independent Colleges and Their Students: Higher Education Tuition Grants and Unrestricted Appropriations*

SREB

Christine L. Smith

For almost 20 years, the Southern Regional Education Board has monitored state-supported programs for independent colleges and universities in the region. While a few states provide unrestricted appropriations to independent institutions, most SREB states support independent institutions through student grants. These grants may or may not be based on the student's financial need. This year, 11 SREB states provided independent institutions with more than $350 million in tuition grants and unrestricted appropriations. In addition to these appropriations, contract programs in several states provide independent institutions with considerable funding for specific purposes or programs.

For example, Texas spent $39.4 million this year on contracts that allow residents to attend independent medical schools for the same amount of money they would pay to attend a public medical school. Florida also has various state contracts and appropriations that allow students to enroll in programs that are not offered by public institutions or are not available in the same geographic area of the state.

Tuition grants for students at independent colleges

In the 1980s annual appropriations for tuition grants that did not consider students' financial need grew faster than appropriations for need-based tuition grants. This trend began to reverse in the late 1980s.

Since the Southern Regional Education Board's last query about state funding to independent institutions in 1993, most states have increased funding. Over the last six years, four states (Florida, North Carolina, Texas and Virginia) have more than doubled appropriations that benefit students at independent colleges. As a result of larger appropriations, more students are being served in these four states, and the maximum monetary amounts of grants generally have increased.

During the 1999-2000 school year, nine states awarded about $309 million in tuition grants to more than 187,000 students at independent colleges and universities. Funding for need-based aid continues to increase faster than funding for grants awarded regardless of need. Even though states spent more on non-need-based grants than need-based grants in 1999-2000, the amount of the increase over the last year for non-need-based grants (almost 12 percent) still was smaller than the increase in spending on need-based grants (26 percent).

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State Appropriations for Grant Programs to Independent Colleges

	Appropriations (in millions), 1999-2000	Percent Increase, 1998-99 to 1999-2000	Percent Increase, 1993-94 to 1999-2000	Estimated Number of Students Served, 1999-2000	Maximum Grant, 1999-2000
Non-need-based Aid					
Alabama	$6.0	5.2%	9.1%	9,117	$609
Florida	$48.7	19.4	163.2	23,524	$2,074
Georgia *	$27.8	4.1	20.3	27,809	$1,000
North Carolina	$43.2	14.6	74.2	24,000	$1,750
Virginia	$37.7	7.1	102.7	15,500	$2,700
Subtotal	**$163.4**	**11.8**	**80.6**	**99,950**	
Need-based Aid					
Florida	$14.6	78.0%	71.8%	13,655	$1,000
Kentucky	$14.4	22.0	92.0	16,000	$1,500
North Carolina	$33.0	19.6	192.0	21,423	**
South Carolina	$19.6	2.6	22.5	10,299	$3,730
Tennessee	$1.3	0.0	0.0	104	**
Texas	$62.2	31.8	144.0	25,700	$3,380
Subtotal	**$145.1**	**26.0**	**107.0**	**87,181**	

* Georgia students at public and independent institutions are eligible to receive additional support from the HOPE Scholarship, a merit-based award funded by the state lottery.

** Each college or university determines its maximum grant amount.

Need-based aid to students

Of all students receiving grants this year, almost half received aid on a need basis. Six SREB states (Florida, Kentucky, North Carolina, South Carolina, Tennessee and Texas) together awarded $145 million in need-based grants to students at independent colleges. Between 1999 and 2000, Florida's appropriation increase was the largest. By increasing spending on need-based aid by 78 percent — for a total of $14.6 million in 2000 — Florida is able to serve more students. Texas' 32 percent increase was the second-greatest. That state's $62 million will serve nearly 26,000 students. Increased appropriations in Texas over the years also have raised the maximum grant awarded from $2,434 in 1994 to $3,380 this year.

North Carolina allocates funding to institutions based on an amount per full-time student; the institutions determine the amounts of individual grants. North Carolina's per-student funding for need-based aid has increased steadily — from $550 in the mid-1990s to $1,050 in 1999-2000. Tennessee has provided need-based grants to students at independent colleges since 1993-94. Students may receive these grants in addition to other funds available to students at both public and independent colleges.

Non-need-based aid to students

Five SREB states (Alabama, Florida, Georgia, North Carolina and Virginia) provide students with grants that do not take into account their financial need. Almost 100,000 students benefited from the $163 million awarded this year in tuition grants in these states. Since 1994, Florida, North Carolina and Virginia increased appropriations to independent institutions considerably, partly to raise the amounts of the grants. During that time, Florida has increased the maximum grant awarded to students by 90 percent — from $1,090 in 1994 to $2,074 this year. During that same period, a 74 percent increase in appropriations in North Carolina brought a 58 percent increase in the maximum grant awarded to students. In the mid-1990s each eligible student could receive $1,105; this year, the maximum grant is $1,750. In 1997-98, Virginia students could receive grants of up to $2,000. The maximum was raised to $2,700 by the 1999-2000 school year.

In addition to the $1,000 grants that almost 28,000 students at independent colleges in Georgia received this year, about half also received $2,400 in HOPE Scholarships, merit-based awards funded by the state lottery.

Maximum grants

The maximum grants awarded to students vary. The maximum amounts of need-based aid range from $1,000 in Florida to $3,730 in South Carolina. Non-need-based aid ranges from a maximum of $609 in Alabama to a maximum of $2,700 in Virginia.

Unrestricted state appropriations

Three states allocated $53.2 million this year in unrestricted appropriations — funds that are not earmarked for a specific purpose and may be used at the college's discretion — to independent colleges and universities. Alabama's allocation of $6.3 million — to be distributed among four institutions — represented a 19 percent increase over last year.

Independent colleges and universities in Louisiana and Maryland receive funds through formulas based on their enrollment and on per-student appropriations for public colleges and universities. Louisiana renewed funding to independent institutions in 1991-92; no funds had been allocated since 1985. This year Louisiana allocated $4.3 million to seven independent colleges and universities. Independent colleges and universities in Maryland received $42.6 million this year in unrestricted appropriations. Maryland is unique in that $6 million of that total was designated for building projects.

States' Unrestricted Appropriations to Independent Institutions

	Amount (in millions), 1999-2000	Percent Increase, 1998-99 to 1999-2000	Percent Increase, 1993-94 to 1999-2000
Alabama *	$6.3	18.9	21.2
Louisiana **	$4.3	2.4	34.4
Maryland ***	42.6	8.7	18.0
Subtotal	53.2	9.2	19.6

* Alabama provides unrestricted appropriations to four independent colleges and universities.

** Each of seven independent colleges and universities in Louisiana receives a specific amount of unrestricted funding per state resident enrolled. The amount equals 10 percent of the state's per-student funding for full-time-equivalent enrollment at public colleges and universities for the previous year.

*** Independent colleges and universities in Maryland receive operating funds based on their total full-time-equivalent enrollments. The per-student amount given to each independent college is equal to 16 percent of the state's per-student appropriation for full-time-equivalent students at public colleges and universities. Appropriations include $6 million for building projects.